9:Lebanon G-5 (1952)1953 ME1 Lebanon ME1

226 Fishing is important as a means of livelihood only at Sarafand. The village proper lies a couple of miles inland but a suburb has grown along the coast where a fishing community exists. The industry, primitive and using only row boats, employs some 200 persons on a part or full-time basis. The gross take is estimated at LL. 80,000 ($22,000) annually. These fishermen often own small plots of farm land, which accounts for many of the 300 small farms reported for Sarafand.

382 The Trans-Arabian Pipe Line (Tapline) has its Mediterranean terminus at Saida which lies 464 just north of the area under discussion. About 600 Lebanese workmen are employed by the company, some of them coming from the villages under study. No statistical data are available on this question but it does not appear that employment by Tapline affects the five villages to any great extent.

It is reported that some of the member companies of Tapline are planning to erect an oil refinery near their present operations. During construction employment opportunities for local unskilled labor will probably occur. When the plant is in operation, two or three hundred men will be required, hence continuing employment opportunities will be available. It may be that small industries will be established to use some of the products of the refinery. This would offer an opportunity for limited industrial development. Such diversification is very desirable for this otherwise agricultural community.

Domestic Water, Sanitation and Health

000 Technical details concerning pollution of wells, types of diseases prevalent in the project villages, and similar data will not be found in this report. This aspect of the problem falls within the jurisdiction of the specialized and highly trained public health technicians attached to the Technical Cooperation Service, Lebanon.

310 An ample and safe supply of drinking water is not available for any of the five villages included in the improvement project. En-Nsariyah depends upon a covered shallow wall for its domestic water supply, the other villages have access to springs. In most cases these sources are adequate as to quantity except during the summer months. In all cases the purity is questionable. Village

3:Royal Institute of International Affairs U-4 (no date)1954 M1 Middle East
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of clinics and in the cities a shortage of qualified staff to undertake massage, radiotherapy, and orthopædics, and there is special need to combat tuberculosis. Syrians and Lebanese are not addicted to hashish which, however, is grown in the Biqaa and smuggled to Egypt. The Lebanese Government periodically burns many of the plantations, which inflates the price of the surviving crop.

Economic Survey

More than half the population of the two countries is engaged in agriculture which is the most important economic activity. Natural resources hardly exist; there is bitumen in Jebel Bishri in Syria but its production would not be economic; about 10,000 tons a year of asphalt is produced from the neighbourhood of Latakia; and salt is extracted in commercial quantities near Aleppo.

Petroleum

For a number of years, associates of IPC searched for oil in Syria and Lebanon but without finding it in commercial quantities; in consequence, the areas held by these IPC associates have been given up. However, the two Governments are still anxious for further efforts to be made to find oil in commercial quantities. The importance of petroleum in the economy of Syria and Lebanon lies in the situation of the two republics athwart the pipelines from the fields of northern Iraq and Saudi Arabia which have outlets on the Mediterranean.[1] From Iraq a 12-inch and 16-inch line carry oil across Syria by way of Palmyra and Homs to Tripoli in the Lebanon. Together, these two lines can carry about 8 million tons of oil a year (160,000 barrels daily). A third IPC line from Kirkuk to Homs then bears north of the other two and reaches the sea at Banias, and so does not run through Lebanon at all. This new line is 26–30–32-inches in diameter and can deliver oil at about 16 million tons a year (320,000 barrels daily). From the fields of Saudi Arabia a 30–31 inch American pipeline (Tapline) travels over 1,000 miles on its way to Sidon in Lebanon, passing through Jordan and Syria. At present the line is pumping at a rate of about 15 million tons a year (300,000 barrels daily). It should be noted that these four lines all carry crude oil, some of which is refined on the Mediterranean shore for local requirements but the bulk is shipped as crude to the refineries of Europe and elsewhere.

The line from Kirkuk to Haifa is not operating and the Haifa

[1] See Appendix IV, p. 570 below.

3:Royal Institute of International Affairs U-4 (no date)1954 M1 Middle East
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refinery is running on imported crude oil at about a quarter of its capacity. There exists an IPC refinery at Tripoli which treats over half a million tons of crude a year (10,000 barrels a day) for the needs of Syria and Lebanon which it cannot fully supply; accordingly, its extension has been under discussion. Construction has begun on a refinery for 7,000 barrels a day at Sidon for Mediterranean Refining Company (California Texas Corporation), but while the Syrian market is still too small to justify the erection of a refinery, the Syrian Government nevertheless wishes to have a refinery established in the country to meet its own needs, and negotiations to this end with IPC and with the World Bank have recently taken place.[1]

Under the Barcelona Convention of 1921 dues are not leviable on transit trade, but the two countries draw, under their agreements with the pipeline companies, a sizable revenue from petroleum apart from the indirect benefits caused by employment by the oil companies. At the time of writing the agreements between the two Governments and the two oil companies are under review but no precise details are available, though the two Governments began by demanding that they should receive jointly a half share of the saving which the companies made by using the pipelines instead of having to transport their oil to the Mediterranean by tanker. Even if this principle were accepted, the difficulty would remain of establishing a satisfactory formula for calculating the saving. The agreement with Tapline is believed to provide Lebanon with about £L4½ million a year. The oil companies bring foreign exchange into Syria and the Lebanon and the currency is surrendered to the Governments at the official rate but can thereafter be resold at the rate applying to the free market which may bring to the Governments a profit of a third. The problem is that Syria and Lebanon are, in fact, not oil-producing states and, although their needs and desires for foreign money may be as great as Iraq's, it is difficult to see how they can expect to obtain from petroleum the same revenue as do the states where it is produced.

Communications

In general, roads provide a cheaper and quicker means of transport than the railways which are mostly running at a loss. The railway lines are:

The Hejaz Railway. A narrow (3 ft 5 in.) gauge track runs from the centre of Damascus to Deraa (88 miles) and thence

[1] See *Petroleum Press Service*, February 1953, p. 58.

ent farmers. Large holdings, owned by absentee landlords and worked according to the share-tenancy system, predominate, however, in the Bekaa valley, in the 'Akkar plain and in the province of South Lebanon.

A diversity of crops is grown in different parts of the country. The subtropical climate of the coastal plain permits the cultivation of citrus fruits and bananas, while olives, grapes, apricots and other fruits flourish on the terraced mountain slopes. Cereals and legumes are the chief crops of the Bekaa, but cotton, tobacco and numerous types of vegetables are also produced. Large numbers of goats, as well as sheep, cattle and other livestock, are raised, primarily as food or draft animals. Sericulture is carried on in many mountain villages, but the competition of artificial silks has contributed to its decline within recent years. The government encourages the expansion of agriculture through the promotion of cooperative credit and marketing facilities. There are no experimental farms or research stations, but instruction in modern methods of farming is provided by the agricultural division of the government's vocational school in Beirut and by the American University.

The mineral resources of the region are negligible. Small deposits of lignite, located in the hills above Beirut and Tripoli, are worked intermittently. Salt is also extracted in evaporating beds along the coast north of Beirut. The development of modern industry received some impetus during the war years 1941-45, but is handicapped by the scarcity of raw materials and the limitations of the internal market. Numerous small plants exist for the processing of consumer goods, including the manufacture of textiles, cement, soaps, distilled liquors, leather goods, cigarettes, olive oil and various foodstuffs. The Iraq Petroleum Company has recently established a refinery at Tripoli, the terminus of its pipeline from the oil fields in the Kirkuk region. The chief exports are olives and olive oil, textiles, silk, fruits and petroleum products.

p. 112(b)

64: Shwadran S-4 (no date) 1955 MI Middle East
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The Chamber of Deputies refused to ratify the agreement and unanimously adopted a resolution demanding that the Government undertake immediate negotiations with all oil companies for the revision of oil agreements.[39] The companies refused to respond to the demands of the Government. At the end of December 1953 the Justice Ministry informed Premier Abdallah al Yafi that it was impossible to take any legal action against Tapline and I.P.C. to oblige them to discuss the question of an increase in royalties.

Attempts were made to present a united front of Syria, Lebanon and Jordan in their demands for higher royalties, but apparently with little success. At the end of May 1954 it was reported from Beirut that the Syrian and Lebanese Governments had agreed to send a joint note to the companies asking for an increase in the royalties, but up to the beginning of 1955 no new agreements had been signed.[40]

REFINERIES

In 1940 the French High Commissioner for Syria and Lebanon built an emergency refinery at Tripoli under an agreement with the Iraq Petroleum Company that he was to own and operate during the war emergency but that was to be turned over to I.P.C. at the end of hostilities for the crude oil which the Company was to supply. The transfer was made on January 1, 1946. Three years later the refinery's quarter-of a million barrel capacity was doubled.[41]

A second refinery in Lebanon, the Mediterranean Refinery, was inaugurated in February 1955. It is located at Sidon, built at a cost of about $20 million, and has a capacity of about 6,000 barrels daily. It is owned by the Mediterranean Refining Company which is in turn owned by the partners of Aramco.

Summary and year: *Le Commerce du Levant*, May 21, 1952; *The New York Times*, May 16, 1952; Longrigg, *Oil in the Middle East*, 348; *The Christian Science Monitor*, Dec. 19, 1952. Direct payments by I.P.C. and Tapline in 1952 amounted to £15,500,000; local expenditures by Tapline were £7,000,000 and by I.P.C. about £10,000,000. U. N., *Economic Developments, 1949 to 1954*, 186.

[39] The magnitude of the flow of oil through the terminals of I.P.C. and Tapline in Lebanon is illustrated by the 1953-54 figures. The total for both terminals in 1953 was 22,519,881 tons; in 1954, 22,903,700 tons. In the latter year Saudi Arabian oil amounted to 11,890,701 tons, and Iraqi oil to 7,210,547 tons. *Le Commerce du Levant-Beyrouth Express*, Mar. 14, 1955.

[40] *Mideast Mirror* (Cairo), 19, May 22, 1954.

[41] U. S. Senate, *International Petroleum Cartel*, 91.

o-4: Shwadran S-4 (no date) 1955 MI Middle East MI
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This refinery was to supply Lebanon with the major part of its gasoline and kerosene requirements.

EXPLORATION

In March 1938 I.P.C. was granted a license covering the area of Jebel Terbol; the outbreak of the war prevented any operations. In May 1947 the Lebanon Petroleum Company (a subsidiary of Petroleum Concessions Ltd.) began drilling operations, but it later abandoned its license. In January 1954 it was reported from Beirut that oil experts who had been prospecting for oil in Lebanon for a number of years had come to the conclusion that there was no possibility of finding rich oil deposits in the country.[1]

Conclusion

Although so far no oil has been discovered in the above four countries of the eastern Mediterranean, they are nevertheless part of the general Middle East oil pattern since they serve as the transport areas and terminal sites of the oil produced, or at least a considerable portion of it, in the rich oil-bearing countries of the Persian Gulf. Despite the fact that I.P.C. surrendered the exploration concessions which it held in Israel, Jordan, Lebanon and Syria, none of these states has given up hope of discovering oil in its territories. The most vigorous and determined efforts were made in Israel, and the latest reports are encouraging.

Israel also played an important role as the site of the second largest refinery in the Middle East, the Consolidated Refinery in Haifa, which not only met all the needs of local consumption and exported refined petroleum products in huge quantities, but which was also an important factor in the prosecution of World War II. The refinery at Tripoli was an emergency war measure and of very small capacity, but was helpful in meeting local demands. Lebanon is well on her way to supply home needs from the refineries on her territory.

Because all the four countries were mandates under the two Great Powers which had major interests in I.P.C., they received no payments for the rights and privileges granted the Company

[1] *NENA* (Cairo), 20, Jan. 30, 1954.

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brought some capital with them and started new enterprises. Another important factor was the impact on Lebanon of the development of Middle Eastern petroleum resources, an impact which exceeded that exerted on any other non-producing country in the region. Three pipelines have their terminal in Lebanon: two Kirkuk-Tripoli lines, completed in 1934 and 1949, and the line connecting the Arabian oilfields with Sidon, completed in 1950. A refinery was built in Tripoli and another near Sidon. Lebanon has also benefited from the location of offices of oil companies in Beirut. In addition, it has received many tourists, as well as some capital, from the oil producing countries and has supplied exports to these countries: for example, fresh fruit and vegetables sent by air or truck or, more recently, by refrigerated ships. Finally, royalties paid to the Government by the oil companies for pipeline use have increased in recent years.

The development of transit trade has also contributed to the national income. The increase in such trade was made possible by enlargement and improvement of the port of Beirut shortly before the Second World War, development of inland communications, provision of refrigerated storage and other storage facilities and extension of the free zone in the harbour from 8,000 square metres in 1939 to 75,000 in 1950 and 116,000 in 1951. Although the development of Lebanese has diverted some of Syria's trade, Beirut still handles a substantial proportion of that trade as well as a large fraction of that of Jordan, which previously passed through Haifa. The opening of a new airport in Beirut, in 1951, has also stimulated transit of goods and passengers.

In recent years, Beirut has been the centre of a large and widespread gold trade. The relaxation and subsequent disappearance of exchange controls has also greatly increased the importance of Lebanon as an international financial centre. Tourism has increased in scope and continues to play a significant part in the country's economy.

Agriculture

Despite large-scale emigration to the cities and abroad, nearly half the Lebanese population still earns a livelihood in agriculture. Since agriculture accounts for less than one fifth of the national income (see table 43), per capita income in agriculture is well below the average in other sectors. The possibilities for raising agricultural income by extending cultivation are, however, very limited. According to the Lebanon estimates, of the total area of 1,158,000 hectares, 375,000 hectares consist of rocky, waste or built-up areas, 74,000 consist of forests; 115,000 are judged to be cultivable, though at present uncultivated; and 273,000 are under cultivation. Of the cultivated area, 48,000 hectares are irrigated and 225,000 are rainfed, but irrigation projects under way or due to be undertaken in the near future will bring [illegible] hectares of rainfed land under irrigation. 1/ The reclamation of the 115,000 hectares judged to be cultivable would involve heavy capital outlay, since most of this land is mountainous. Hence, in recent years, efforts have been mainly concentrated on intensifying agriculture.

1/ Figures from an unpublished paper prepared in the Ministry of Agriculture in 1951. Cultivated land per capita of agricultural population in that year stood 0.4 hectares, of which less than a fifth is irrigated.

433 protection, and by the opening of new markets overseas. Because of the large amount of unemployment, industrial wages were reduced, bringing down costs. Between 1946 and 1952, investment in plant and equipment in the principal Lebanese industries doubled, while employment rose by 50 per cent. 1/ Output also increased considerably and rose further in 1953.

433 316 324 317 Post-war trends have varied from industry to industry. Mining continues to play a very minor part in the economy. Building stone is abundant and is much used in construction; salt is extracted from salines, meeting half the country's consumption; and silica sand is exported. Since 1953, small amounts of iron ore have been exported, a total of 22,000 tons in that year. Output in 1954 was expected to reach 100,000 tons. The iron content of the ore is 57 per cent. 2/

382 Output of fuel and power have increased significantly. The Tripoli refinery started operating at the end of 1940; its throughput increased from 100,000 tons in 1941 to 227,000 in 1946, and, after expansion of capacity in 1950, to 546,000 tons in 1952, 545,000 in 1953 3/ and 269,000 in the first half of 1954. Lebanon's consumption of major petroleum fuels was estimated at 269,000 tons in 1950 and 515,000 in 1952. 4/ The remainder of the refinery's output is exported to Syria. Another refinery, near Sidon, began operation in February 1955; it will refine Arabian oil carried through the Trans-Arabian

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1/ The number of establishments in the main branches of the industries listed below increased from 477 in 1946 to 671 in 1948 and 880 in 1950, declining to 842 in 1952; capital invested rose from Ll. 71.6 million in 1946 to Ll. 96.2 million in 1948, Ll. 112.6 million in 1950 and Ll. 143.3 million in 1952; the number of employees in these industries rose from 8,052 in 1946 to 11,153 in 1948, 11,525 in 1950 and 12,775 in 1952. The capital invested in food processing industries increased from Ll. 6.7 million in 1946 to Ll. 27.8 million in 1952; in beverages from Ll. 5.5 million to Ll. 15.9 million; in textiles from Ll. 14.8 million to Ll. 36.2 million; in non-metallic mineral products from Ll. 32.9 million to Ll. 45.5 million; in chemicals from Ll. 3.0 million to Ll. 9.7 million; in wood products from Ll. 2.7 million to Ll. 5.7 million; and in printing from Ll. 1.1 million to Ll. 4.5 million. Capital invested in the leather industry fell from Ll. 5.1 million in 1946 to Ll. 4.0 million in 1952 (Ministry of National Economy). Total capital investment in industry, excluding construction but including public utilities and handicrafts and various enterprises operated under concession agreements, such as the petroleum refineries and the tobacco monopoly, is between Ll. 200 million and Ll. 250 million, probably closer to the latter figure. Total employment in manufacturing, including handicrafts, is probably between 85,000 and 90,000

2/ Le Commerce du Levant, 20 October 1954.

3/ Of this 882,000 tons consisted of fuel oil, 112,000 of gasoline, 88,000 of gas oil and 69,000 of kerosene (Ministry of National Economy, Bulletin statistique trimestriel, Beirut).

4/ Between 1946 and 1953, consumption of gasoline in Lebanon increased from 30,000 tons to 51,000; of kerosene from 11,000 tons to 24,000; of gas oil from 9,000 tons to 31,000; and of fuel oil from 79,000 tons to 108,000.

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382 pipeline. Initial yearly capacity will be 300,000 tons, to be raised to 450,000 by 1956; by that date, total investment in the refinery will be $8 million. Most of the output will be fuel for bunkering, but the lighter products will be available for domestic consumption, meeting all the country's needs for major oil products. 1/

377 Output of electricity has also expanded, from 57 million kilowatt-hours in 1945 to 104 million in 1949, 147 million in 1952 and 164 million in 1953; of the last figure, 63 million kilowatt-hours were produced by thermal generators and 101 million by hydroelectric generators.

331 Construction has been maintained at a high level. Authorized construction in Beirut increased from 107,000 square metres of floor space in 1945 to 258,000 in 1948, 325,000 in 1952, 318,000 in 1953 and 167,000 during the first half of 1954. It is estimated that gross expenditure on construction was LL 81 million in 1948, LL 75 million in 1949 and LL 99 million in 1950. 2/ These figures represent some 7 to 10 per cent of the gross national product. Construction represents a large fraction, probably over half, of gross investment in Lebanon and absorbs a large proportion of small savings.

339 The building materials industries have expanded to meet construction needs.
323 Owing to expansion of capacity in 1947, output of cement rose from 148,000 tons in 1945 to 209,000 in 1948, 280,000 in 1952, 314,000 in 1953 and 141,000 in the first half of 1954. In recent years, exports have ranged between 20,000 and 60,000 tons. A new plant is under construction. Other industries, such as tile making and glass, have also expanded; output of glassware in 1952 reached 1,300 tons. Various cement products industries have been developed.

258 Food processing represents the most important group of industries, as regards capital employment and value of output (see table 45). Among the principal branches are sugar refining, where output rose from a negligible amount to 6,000 tons in 1952 and 14,000 in 1953 and where capacity is being expanded; vegetable oils, where output has risen from 900 in 1945 to 5,600 in 1952; biscuits, where output rose from 300 tons in 1945 to 1,200 in 1952; dough products, which increased from 300 tons to 2,400; chocolate, jam and various sweet-meats, with a combined output of 4,700 tons in 1953; beer, whose output declined from its war-time peak to 2 million litres in 1953; wine, arrag and other alcoholic drinks, whose output has risen slightly in the post-war years, to 2.2 million litres in 1953; and soft drinks, whose output has increased more than twentyfold, to 9.5 million litres in 1953. 3/ All these industries, except sugar, provide a small export surplus and all are operating well below capacity.

288 The textile industries have been facing difficulties. Silk reeling has declined into a minor occupation, but silk weaving has developed, output rising from 26 tons in 1945 to 380 in 1952; this amount represents only one sixth of Lebanon's consumption. Output of woollen cloth has failed to exceed 150 tons,

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1/ Oil and Gas Journal, 7 March 1955.

2/ Albert Y. Badre and Agopig G. Altounian, "National Income of Lebanon", Monograph No. 2: "Income Arising in the Construction Sector" (Beirut, November 1951).

3/ Figures from Le Commerce du Levant, 3 July 1954, special issue on industry.

[Text continues on P. 161]